

**CUSTODIAN OF NOTARIAL RECORDS OF  
ORLEANS PARISH  
STATE OF LOUISIANA**

**Component Unit Financial Statements  
And Independent Auditor's Reports  
As of and for the Year Ended June 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/19/07

**CUSTODIAN OF NOTARIAL RECORDS OF  
ORLEANS PARISH  
State of Louisiana  
Annual Financial Statements  
JUNE 30, 2007**

**CONTENTS**

<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3-7
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Assets	8
Statement of Revenues, Expenses, and Changes in Fund Net Assets	9
Statement of Cash Flows	10-11
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	12-22
<b>OTHER SUPPLEMENTARY SCHEDULES</b>	
Reporting Packet - Division of Administration, Office of Statewide Reporting and Accounting Policy - Annual Financial Report (CAFR)	24-53
<b>OTHER REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i> -</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed In accordance with <i>Government Auditing Standards</i>	55-56
Schedule of Findings and Questioned Costs	57
<b>REPORTS BY MANAGEMENT</b>	
Schedule of Prior Year Findings	59
Management's Corrective Action Plan	60

# Hienz & Macaluso LLC

Certified Public Accountants

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## Independent Auditor's Report

**To the Custodian of Notarial Records of Orleans Parish  
State of Louisiana  
New Orleans, Louisiana**

We have audited the accompanying financial statements of the business-type activities of the Custodian of Notarial Records of Orleans Parish (the Custodian), a component unit of the State of Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Custodian's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Custodian's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the business-type activities of the Custodian as of June 30, 2007, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2007 on our consideration of the Custodian's internal control over financial reporting and on our tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Custodian's basic financial statements. The accompanying supplementary information such as the Division of Administration Reporting Packet, as listed in the table of contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements of the Custodian. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hienz & Macaluso, LLC*

**HIENZ & MACALUSO, LLC**

Metairie, LA

December 10, 2007

## MANAGEMENT'S DISCUSSION AND ANALYSIS

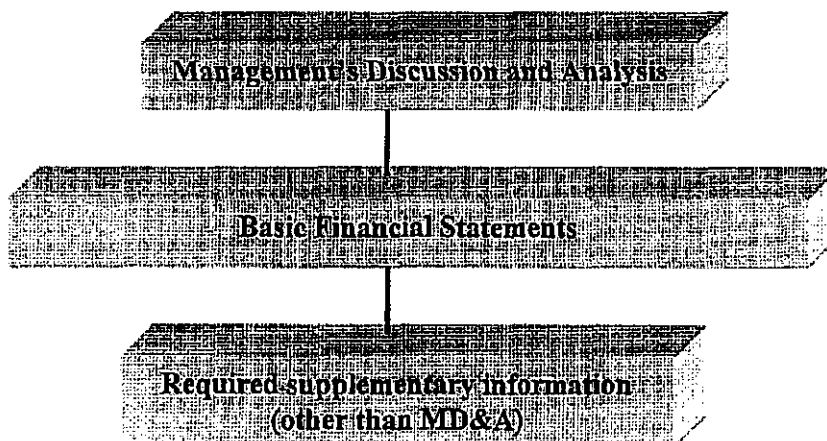
The Management's Discussion and Analysis (MD&A) of the Custodian of Notarial Records of Orleans Parish's financial performance presents a narrative overview and analysis of the Custodian of Notarial Records of Orleans Parish's financial activities for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the information contained in the Custodian of Notarial Records of Orleans Parish's financial statements.

### Financial Highlights

- ★ Operating expenses exceeded operating revenues by \$1,079,718, while in 2006 operating expenses exceeded operating revenues by \$124,692 a difference of \$955,026 over the prior year. However, the increase is primarily due to the Custodian incurring expenses of approximately \$1.2 million in order to implement a much needed scanning system to digitally record and provide internet based access to the records of the Notarial Archives.
- ★ The Custodian has no debt except for the liability for compensated absences in the amount of \$27,870 which is an increase from \$26,901 reported in 2006 (a 0.02% increase).
- ★ Net assets as of June 30, 2007 are \$1,682,603, 72% of which is comprised of cash and certificates of deposit. All amounts on deposit are fully collateralized in accordance with Louisiana State Laws.

### Overview of the Basic Financial Statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.



These financial statements consist of three sections -- Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

### Basic Financial Statements

The basic financial statements present information for the Custodian of Notarial Records of Orleans Parish as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statements of Revenues, Expenses, and Changes in Fund Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Custodian of Notarial Records of Orleans Parish is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Assets (page 9) presents information showing how the Custodian of Notarial Records of Orleans Parish's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until fiscal periods.

The Cash Flow Statement (pages 10-11) presents information showing how the Custodian of Notarial Records of Orleans Parish's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

Financial Analysis of the Entity

The following presents condensed financial information on the operations of the Entity:

	Total	
	2007	2006
Current and other assets	\$ 1,797,703	\$ 2,485,629
Capital assets (net of accumulated depreciation)	465,189	186,486
Total assets	<u>2,262,892</u>	<u>2,672,115</u>
Current liabilities	552,419	38,641
Long-term debt outstanding (compensated absences)	27,870	26,901
Total liabilities	<u>580,289</u>	<u>65,542</u>
Net assets		
Invested in capital assets, net of debt	465,189	186,486
Restricted	1,217,414	2,420,087
Unrestricted	-	-
Total net assets	<u>\$ 1,682,603</u>	<u>\$ 2,606,573</u>
Operating Revenues	\$ 2,073,116	\$ 1,294,843
Operating Expenses	<u>(3,152,834)</u>	<u>(1,419,535)</u>
Operating income	<u>(1,079,718)</u>	<u>(124,692)</u>
Non-operating revenues (expenses)	<u>155,748</u>	<u>105,154</u>
Income before transfers	<u>(923,970)</u>	<u>(19,538)</u>
Transfers in	-	-
Transfers out	<u>-</u>	<u>-</u>
Net increase (decrease) in net assets	<u>\$ (923,970)</u>	<u>\$ (19,538)</u>

The Custodian of Notarial Records of Orleans Parish does not have any unrestricted net assets. However, it does have "restricted" net assets. These are net assets that are restricted by Louisiana revised statute 35:337(B), which states that "any unexpended or unencumbered funds remaining at the end of the fiscal year to the credit of the account of monies, fees, or sums collected by the Custodian of Notarial Records

shall be dedicated to microfilming or other imaging projects to ensure the indefinite survival of the records.”

Net assets of the Custodian of Notarial Records of Orleans Parish decreased by \$923,970 or 35.45%, from June 30, 2006 to June 30, 2007. The major cause for this decrease was the digitization project which was undertaken in 2007.

The Custodian of Notarial Records of Orleans Parish’s operating revenues increased by \$778,273 or 60.11%, from June 30, 2006 to June 30, 2007. However, operating revenues in the 2006 fiscal year were heavily impacted by the effects of Hurricane Katrina. In comparison to 2005, operating revenues decreased by \$22,879 or 1.09%. Operating expenses increased by \$1,733,299 or 122.10% from 2006 to 2007, again primarily due to the digitization project.

#### Capital Assets and Long Term Debt Administration

##### Capital Assets

As of June 30, 2007, the Custodian of Notarial Records of Orleans Parish had \$465,189 invested in furniture, fixtures, and office equipment. This amount represents a net increase (including additions and deductions) of \$278,703 or 149.45% over last year’s total. This increase is due primarily to the new equipment purchased as part of the digitizing of the records of the Custodian.

##### Long Term Debt

The only long-term debt that the Custodian of Notarial Records of Orleans Parish had outstanding at year-end was for compensating absences (leave) in the amount of \$27,870.

#### Variations between Original and Final Budgets

There were no significant variations between the original and final budget.

#### Economic Factors and Next Year’s Budgets and Rates

The Custodian of Notarial Records of Orleans Parish considered the following factors and indicators when setting up next year’s budget, rates, and fees. These factors and indicators included:

- Increased costs associated with microfilming projects and the contractors needed to implement these projects,
- Additional personnel and related costs due to additional microfilming and document restoration and preservation projects and the extensive nature of these projects.
- The effects on the economy of continuing recovery efforts related to Hurricanes Katrina and Rita for the region.



The Custodian of Notarial Records of Orleans Parish estimates that next year's annual expenses may exceed annual revenues, due to increases in the number of microfilming and other document preservation projects, however, the cash balance should cover the expected increase in expenses.

*Contacting the Custodian's Financial Management*

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Custodian of Notarial Records of Orleans Parish's finances and to show accountability of the Custodian of Notarial Records of Orleans Parish for the money it receives.

If you have any questions regarding this report or need additional financial information, contact:

Stephen P. Bruno, Custodian of Notarial Records of Orleans Parish  
1340 Poydras Street, Suite 360  
New Orleans, LA 70112

Or call 504-680-9604

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
STATEMENT OF NET ASSETS  
JUNE 30, 2007**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 1,753,885
Receivables (net of allowance for doubtful accounts)	39,201
Rental deposits	<u>4,617</u>
Total Current Assets	<u>1,797,703</u>

**NONCURRENT ASSETS**

Capital assets (net of depreciation)	<u>465,189</u>
Total Noncurrent Assets	<u>465,189</u>

Total Assets	<u>\$ 2,262,892</u>
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**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable	\$ 526,363
Payroll deductions and accrued salary	14,285
Escrow accounts	4,071
Escrow - City of New Orleans	<u>7,700</u>
Total Current Liabilities	<u>552,419</u>

**NONCURRENT LIABILITIES**

Compensated absences	<u>27,870</u>
Total Noncurrent liabilities	<u>27,870</u>

Total Liabilities	<u>580,289</u>
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**NET ASSETS**

Invested in capital assets, net of related debt	465,189
Restricted	<u>1,217,414</u>
Total Net Assets	<u>1,682,603</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,262,892</u>
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The accompanying notes are an integral part of these financial statements.

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2007**

**OPERATING REVENUES**

Filing fees	\$ 1,114,535
Certification fees	82,700
Copying fees	574,107
Documentary transaction tax fees	176,314
Notary fees	81,890
Service charge fees	43,570
Total Operating Revenues	<u>2,073,116</u>

**OPERATING EXPENSES**

Personnel services	1,081,080
Materials and supplies	74,976
Operating services	1,837,443
Professional services	76,735
Travel	13,969
Depreciation	68,631
Total Operating Expenses	<u>3,152,834</u>

Operating Loss (1,079,718)

**NONOPERATING REVENUES (EXPENSES)**

Grants	6,374
Interest revenue	103,885
Insurance and other reimbursements	46,148
Expenses related to disaster recovery efforts	(659)
Total Nonoperating Revenues (Expenses)	<u>155,748</u>

Change in Net Assets (923,970)

Net Assets - Beginning of year 2,606,573

Net Assets - End of Year \$ 1,682,603

The accompanying notes are an integral part of these financial statements.

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2007**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from license fees, permits, and fines	\$ 2,097,181
Cash payments for salaries and related benefits	(1,073,023)
Cash payments to suppliers for goods and services	<u>(1,489,787)</u>
Net cash used by operating activities	<u>(465,629)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES:**

Grants	6,374
Proceeds from insurance and other reimbursements	46,148
Amounts paid directly for disaster recovery efforts	(659)
Acquisitions of capital assets	<u>(347,334)</u>
Net cash used by capital and related financial activities	<u>(295,471)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest earned on investments	<u>103,885</u>
Net cash provided by investing activities	<u>103,885</u>
Net decrease in cash and cash equivalents	(657,215)
Cash and cash equivalents - beginning of year	<u>2,411,100</u>
Cash and cash equivalents - end of year	\$ <u><u>1,753,885</u></u>

The accompanying notes are an integral part of these financial statements.

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2007**

**RECONCILIATION OF OPERATING LOSS TO  
NET CASH USED BY OPERATING ACTIVITIES:**

Operating loss	\$ (1,079,718)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	68,631
Changes in assets and liabilities:	
Receivables	31,024
Rental deposits	(313)
Accounts payable	513,649
Payroll deductions and accrued salary	7,088
Deferred revenue	(11,030)
Escrow accounts	4,071
Compensated absences	<u>969</u>
Net cash used by operating activities	\$ <u>(465,629)</u>

The accompanying notes are an integral part of these financial statements.

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**INTRODUCTION**

The Custodian of Notarial Records of Orleans Parish, State of Louisiana (the Custodian) was created by Act 147 of the Louisiana legislature in 1867. This act stated that a central office be established and provide a custodian to care for and discharge the duties of that office. As provided by Louisiana revised statute 35:322, the Custodian is appointed by the Governor for a term of four years. The term of office shall run concurrent with that of the Governor. The Custodian's office is New Orleans, Louisiana and its primary revenues are filing fees, copying fees and documentary transaction tax fees.

**NOTE 1.     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and financial reporting standards. The Custodian applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

These financial statements were prepared in accordance with GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. In addition, these financial statements include the implementation of GASB Statement Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This standard was implemented by the Custodian in 2001 and provides for significant changes in terminology, recognition of contributions in the Statement of Revenues, Expenses and Changes in Net Assets, inclusion of a management discussion and analysis as supplementary information and other changes.

**Reporting Entity**

The State of Louisiana is the governing authority and the governmental financial reporting entity for the Custodian of Notarial Records of Orleans Parish. The financial reporting entity consists of:

- ❖ The primary government (State of Louisiana)

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- ❖ Organizations for which the primary government is financially accountable
- ❖ Other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the State of Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- ❖ Appointing a voting majority of an organization's governing body, and
  - The ability of the State of Louisiana to impose its will on that organization, and/or
  - The potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State of Louisiana.
- ❖ Organizations, for which the State of Louisiana does not appoint a voting majority, but are fiscally dependent on the State of Louisiana.
- ❖ Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Custodian of Notarial Records of Orleans Parish is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the state has the ability to significantly influence the designation of management by the Governor appointing the Custodian, and public service is rendered within the state's boundaries. The accompanying financial statements represent activity of the Custodian, and, therefore, are a part of the fund and account group structure of the State of Louisiana and its basic financial statements.

**Basis of Accounting**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

local governmental entities. The GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Custodian of Notarial Records of Orleans Parish present information only as to the transactions of the programs of the Custodian of Notarial Records of Orleans Parish as authorized by Louisiana statutes and administrative regulations. Basis of Accounting refers to when revenues and expenses are recognized and reported in the financial statements. The accounting and financial reporting treatment applied to the Custodian is determined by its measurement focus. The transactions of the Custodian are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with operations are included in the Statement of Net Assets.

The accounts of the Custodian of Notarial Records of Orleans Parish are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenue, including fees for filing, copying, certifications, and interest of the Custodian are recognized in the accounting period in which they are earned and become measurable.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable. Operating expenses consist of all expenses except investment expenses.

**Capital Assets**

Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Any donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation over a 5-year estimated useful life period is used on furniture, fixtures and office equipment. These are the only capital assets of the Custodian's office.



**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Annual leave of one to four weeks is earned on a calendar year basis depending on the length of service. Annual leave earned must be used within that calendar year or during the following calendar year and may not be accumulated or carried forward to subsequent years. Compensation in lieu of any remaining leave time is not available.

Sick leave is earned on a calendar year basis at a rate of one day per month. Any unused accrued sick leave available to the employee at the end of the current calendar year can be carried forward from year to year for a maximum of 200 days. Compensation in lieu of leave time is not available. Accumulated sick leave is not paid upon termination of employment; however, Louisiana law (R.S. 11:424) provides that certified unused sick leave may be converted to retirement benefit credits.

Receivables

Receivables consist primarily of documentary transaction tax fee revenue from the City of New Orleans. These receivables are expected to be collected in full; therefore, no allowance for uncollectible amounts is recorded.

Long-term Liabilities

Long-term liabilities include amounts for compensated absences that are to be paid in future years.

Cash and cash equivalents

Cash and cash equivalents include demand deposits, petty cash and certificates of deposit with an original maturity of 90 days or less and are reported under the financial statement caption "cash and cash equivalents".

Restricted Net Assets

Restricted net assets represent those portions of net assets legally segregated for a specific future use. The Custodian restricts net assets of his office for future microfilming project costs to be incurred.

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Risk Management**

The Custodian pays insurance premiums to the State of Louisiana, Office of Risk Management to cover risks that may occur in normal operations. The state pays premiums to the state's self-insurance program and to various insurance agencies for stop-loss coverage.

**Encumbrances**

Encumbrances are not recorded, and therefore, no reservation of net assets is necessary.

**Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Budget Practices**

In accordance with Louisiana statute 35:338, the Custodian is required to adopt budget for each fiscal year. The budget was prepared and reported on the accrual basis of accounting. Formal budget integration is employed as a management control device during the year.

**NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS**

**Cash and certificates of deposit**

For reporting purposes, deposits with financial institutions include cash reported on the balance sheet. Under state law, the Custodian may deposit funds within a fiscal agency bank selected and designated by the Interim Emergency Board. Further, the Custodian may invest in time certificates of deposits of state banks organized under the laws of Louisiana, the laws of any other state of the union, or the laws of the United States. Louisiana statutes permit the Custodian to invest in United States bonds, treasury notes, certificates, or other obligations and agencies of the U.S. Government which are federally insured, and certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in Louisiana.

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)**

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or
- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

The Custodian has no deposits that are required to be reported in the three categories listed above.

Deposits in bank accounts are stated at cost, which approximates market. Under state law federal deposit insurance or the pledge of securities owned by the fiscal bank agent must secure these deposits. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The carrying amount of all cash on the Statement of Net Assets totaled \$1,753,885 at June 30, 2007, with petty cash of \$125 included in that figure. The bank balance per the bank statement totaled \$1,807,248.

The following schedule lists the banking institution and amount of the bank balances shown above:

<u>Banking Institution</u>	<u>Amount</u>
1. Whitney National Bank	\$ 407,245
2. Whitney National Bank – certificates of deposit	1,400,000
3. Whitney National Bank – grant account	<u>3</u>
Total	<u>\$1,807,248</u>
Cash in State Treasury	\$ 0
Petty Cash	\$ 125

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 3:     INVESTMENTS**

The Custodian did not have any investments at June 30, 2007.

**NOTE 4:     CAPITAL ASSETS**

The capital assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the Statement of Net Assets of the Custodian and are capitalized at historical cost. Depreciation of all exhaustible capital assets used by the Custodian is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation expense for financial reporting purposes is computed using the straight-line method over the useful lives of the capital assets. Depreciation expense for the year ended June 30, 2007 was \$68,631.

A summary of changes in capital assets and accumulated depreciation during the year is listed as follows:

**HISTORICAL COST:**

Fiscal Year Ending June 30, 2007	Ending Balance 2006	Additions	Retirements	Ending Balance 2007
Furniture, fixtures, and office equipment	\$ 634,514	347,334	-	\$ 981,848
Total	634,514	347,334	-	981,848

**ACCUMULATED DEPRECIATION:**

Fiscal Year Ending June 30, 2007	Ending Balance 2006	Additions	Retirements	Ending Balance 2007
Furniture, fixtures, and office equipment	448,028	68,631	-	516,659
Total	448,028	68,631	-	516,659
<b>NET BOOK VALUE</b>	<b>186,486</b>			<b>465,189</b>

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 5:     RETIREMENT SYSTEM**

The employees of the Custodian are members of the Louisiana State Employees Retirement System (LASERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees. LASERS provides retirement, disability and survivors' benefits to plan members and beneficiaries. Benefits granted by LASERS are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in LASERS, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature.

LASERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by contacting the Louisiana State Employee Retirement System at P.O. Box 44213, Baton Rouge, Louisiana 70804-4213 or by calling (225) 922-0600.

Contribution requirements of plan members and the Custodian are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate to equal the actuarially required employer contribution as set forth in Louisiana Revised Statute 11:102.

Employees are required by the state to contribute 7.5% of their annual covered salaries (unless employed after July 1, 2006 – the rate is 8%), and the Custodian is required to make employer contributions based on an actuarially determined rate. The employer rate for the years ended June 30, 2007, 2006, and 2005 were 19.1%, 19.1% and 17.8%, respectively, of annual covered payroll. The Custodian's employer contributions to the System for the years ended June 30, 2007, 2006 and 2005 were \$ 147,797, \$117,592 and \$123,589, respectively, and these amounts equaled the required contributions for those years.

**NOTE 6:     POSTRETIREMENT HEALTH CARE AND OTHER BENEFITS**

The Custodian of Notarial Records of Orleans Parish provides certain continuing health care benefits for its retired employees. Substantially all of the Custodian's employees become eligible for these benefits if they reach normal retirement age while working for the Custodian. These benefits for retirees and similar benefits for active employees are provided through Louisiana State Employee Group Benefits Insurance program, whose monthly premiums are paid jointly by the employee and by the Custodian. The Custodian recognizes the cost of the employer's portion of the insurance premiums of retirees as an expenditure when paid during the year (on a pay-as-you-go

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

basis). For the year ended June 30, 2007, the Custodian's cost of benefits paid for 7 retirees in the program totaled \$30,835.

**NOTE 7:     LEASES**

**Annual Commitments under Operating Lease**

On May 28, 1998, the Custodian entered into an operating lease beginning on September 1, 1998, and ending on October 31, 2008, for building space across from the Civil Courts Building, where its primary offices were located, to store historic records and documents of the office. The original lease was amended in 2005 to include additional space needed when the entire office relocated to the building.

Annual lease commitments are as follows:

For the fiscal year ending on June 30:

2008	156,587
2009	<u>52,196</u>
Total minimum lease commitments	<u>\$ 208,783</u>

For the fiscal year ended June 30, 2007, payments under all operating leases totaled \$156,413.

**NOTE 8:     REIMBURSEMENTS FROM FEDERAL AGENCIES**

The Custodian received \$1,225,300 during the year from various federal agencies for labor, storage and restoration of documents and other professional services incurred after hurricanes Katrina and Rita in the prior year. These amounts were originally paid by Louisiana Office of Risk Management directly to the vendors. The Custodian reimbursed Louisiana Office of Risk Management \$ 1,225,300 upon receipt of the funds. These amounts were not included in the revenue and expenses of the Custodian for the year ended June 30, 2007.

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 9:     NET ASSETS**

Net assets represent the difference between assets and liabilities. The composition of net assets was as follows for the year ended June 30, 2007:

Restricted	\$1,217,414
Invested in capital assets	<u>465,189</u>
Total Net Assets	<u>\$1,682,603</u>

Restricted net assets represent those portions of net assets legally segregated for a specific future use. The Custodian restricts net assets of his office for future microfilming project costs to be incurred. As of June 30, 2007, the Custodian's net asset balance was restricted for future microfilming project expenses totaling \$1,217,414.

**NOTE 10:    LITIGATION AND CLAIMS**

According to the Custodian and the Custodians attorney, there is no pending litigation or claims against his office as of June 30, 2007, which would have a material adverse effect on the financial statements.

**NOTE 11:    PER DIEM**

The Custodian does not receive any per diem, but as allowed under Louisiana R.S. 35:337 receives a salary of \$ 40,000 per year.

**NOTE 12:    COMPENSATED ABSENCES**

All of the amounts for accrued annual leave are recorded as a non-current liability. The following is a summary of the accrued annual leave liability changes during the year:

Accrued annual leave	
at June 30, 2006	\$26,901
Increase / (Decrease)	<u>969</u>
Accrued annual leave	
at June 30, 2007	<u>\$27,870</u>

There is no current portion of accrued annual leave.

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 13: ACT NO. 621**

Act No. 621 of the 2006 Regular Session of the Louisiana Legislature abolished the office of the Custodian of Notarial Records of Orleans Parish and merges and consolidates the office with the office of clerk of the Civil District Court for the parish of Orleans. This transfer will be effective on January 1, 2009. The Custodian shall continue to exercise all of the normal powers, duties, functions and responsibilities until the office is abolished as provided in the Act.



**OTHER SUPPLEMENTARY SCHEDULES**

**SCHEDULES REQUIRED BY THE DIVISION OF ADMINISTRATION,  
OFFICE OF  
STATEWIDE REPORTING AND ACCOUNTING POLICY**

CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2007

C O N T E N T S

AFFIDAVIT

	<u>Statements</u>
<hr/>	
MD&A	
Statement of Net Assets	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities	C
Statement of Cash Flows	D
Notes to the Financial Statements	
A. Summary of Significant Accounting Policies	
B. Budgetary Accounting	
C. Deposits with Financial Institutions and Investments (Information in Appendix B)	
D. Capital Assets – Including Capital Lease Assets	
E. Inventories	
F. Restricted Assets	
G. Leave	
H. Retirement System	
I. Post Retirement Health Care and Life Insurance Benefits	
J. Leases	
K. Long-Term Liabilities	
L. Contingent Liabilities	
M. Related Party Transactions	
N. Accounting Changes	
O. In-Kind Contributions	
P. Defeased Issues	
Q. Cooperative Endeavors (moved to Schedule 16)	
R. Government-Mandated Nonexchange Transactions (Grants)	
S. Violations of Finance-Related Legal or Contractual Provisions	
T. Short-Term Debt	
U. Disaggregation of Receivable Balances	
V. Disaggregation of Payable Balances	
W. Subsequent Events	
X. Segment Information	
Y. Due to/Due from and Transfers	
Z. Liabilities Payable from Restricted Assets	
AA. Prior-Year Restatement of Net Assets	
BB. Net Assets Restricted by Enabling Legislation (Information in Appendix C)	
CC. Impairment of Capital Assets (Information in Appendix D)	
DD. Employee Termination Benefits	
Schedules	
1 Schedule of Per Diem Paid to Board Members	
2 Not Applicable	
3 Schedules of Long-Term Debt	
4 Schedules of Long-Term Debt Amortization	
15 Schedule of Comparison Figures and Instructions	

**16      Schedule of Cooperative Endeavors**

**Appendix**

- A      Instructions for the Simplified Statement of Activities**
- B      Information for Note C – "Deposits with Financial Institutions and Investments"**
- C      Information for Note BB – "Net Assets Restricted by Enabling Legislation"**
- D      Information for Note CC – "Impairment of Capital Assets"**
- E      Instructions for Schedule 16 - Cooperative Endeavors**

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 2007

CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095


Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

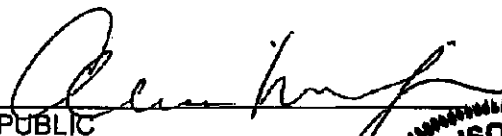
Physical Address:  
1201 N. Third Street  
Claiborne Building, 6<sup>th</sup> Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

Physical Address:  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

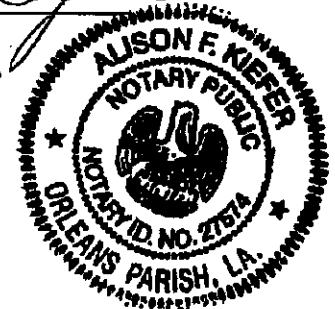
AFFIDAVIT

Personally came and appeared before the undersigned authority, Stephen P. Bruno, Custodian of Custodian of Notarial Records of Orleans Parish who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Custodian of Notarial Records of Orleans Parish at June 30, 2007 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 12<sup>th</sup> day of December, 2007.

  
Signature of Agency Official

  
NOTARY PUBLIC

Alison F. Kiefer  
27574  
at Death



Prepared by: Hienz & Macaluso, LLC

Title: CPA's

Telephone No.: 504 837-5434

Date: 12/10/07

## MANAGEMENT'S DISCUSSION AND ANALYSIS

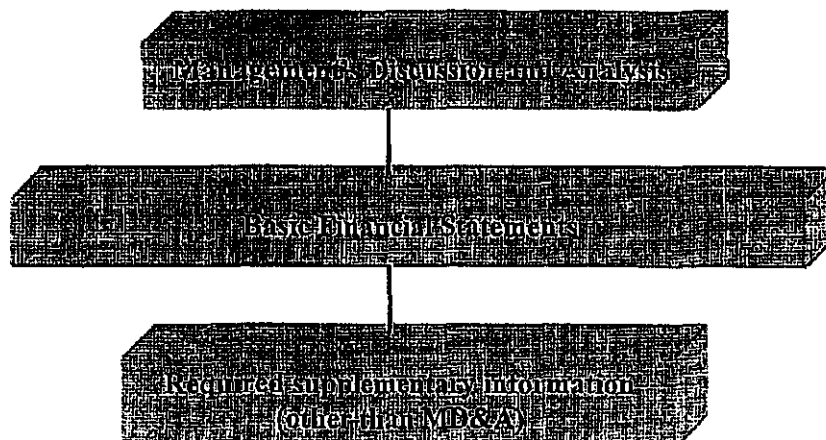
The Management's Discussion and Analysis (MD&A) of the Custodian of Notarial Records of Orleans Parish's financial performance presents a narrative overview and analysis of the Custodian of Notarial Records of Orleans Parish's financial activities for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the information contained in the Custodian of Notarial Records of Orleans Parish's financial statements.

### Financial Highlights

- ★ Operating expenses exceeded operating revenues by \$1,079,718, while in 2006 operating expenses exceeded operating revenues by \$124,692 a difference of \$955,026 over the prior year. However, the increase is primarily due to the Custodian incurring expenses of approximately \$1.2 million in order to implement a much needed scanning system to digitally record and provide internet based access to the records of the Notarial Archives.
- ★ The Custodian has no debt except for the liability for compensated absences in the amount of \$27,870 which is an increase from \$26,901 reported in 2006 (a 0.02% increase).
- ★ Net assets as of June 30, 2007 are \$1,682,603, 72% of which is comprised of cash and certificates of deposit. All amounts on deposit are fully collateralized in accordance with Louisiana State Laws.

### Overview of the Basic Financial Statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.



These financial statements consist of three sections – Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

### Basic Financial Statements

The basic financial statements present information for the Custodian of Notarial Records of Orleans Parish as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statements of Revenues, Expenses, and Changes in Fund Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Custodian of Notarial Records of Orleans Parish is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Assets (page 9) presents information showing how the Custodian of Notarial Records of Orleans Parish's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until fiscal periods.

The Cash Flow Statement (pages 10-11) presents information showing how the Custodian of Notarial Records of Orleans Parish's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

### Financial Analysis of the Entity

The following presents condensed financial information on the operations of the Entity:

	Total	
	2007	2006
Current and other assets	\$ 1,797,703	\$ 2,485,629
Capital assets (net of accumulated depreciation)	465,189	186,486
Total assets	<u>2,262,892</u>	<u>2,672,115</u>
Current liabilities	552,419	38,641
Long-term debt outstanding (compensated absences)	27,870	26,901
Total liabilities	<u>580,289</u>	<u>65,542</u>
Net assets		
Invested in capital assets, net of debt	465,189	186,486
Restricted	1,217,414	2,420,087
Unrestricted	-	-
Total net assets	<u>\$ 1,682,603</u>	<u>\$ 2,606,573</u>
Operating Revenues	\$ 2,073,116	\$ 1,294,843
Operating Expenses	<u>(3,152,834)</u>	<u>(1,419,535)</u>
Operating income	<u>(1,079,718)</u>	<u>(124,692)</u>
Non-operating revenues (expenses)	<u>155,748</u>	<u>105,154</u>
Income before transfers	<u>(923,970)</u>	<u>(19,538)</u>
Transfers in	-	-
Transfers out	-	-
Net increase (decrease) in net assets	<u>\$ (923,970)</u>	<u>\$ (19,538)</u>

The Custodian of Notarial Records of Orleans Parish does not have any unrestricted net assets. However, it does have "restricted" net assets. These are net assets that are restricted by Louisiana revised statute 35:337(B), which states that "any unexpended or unencumbered funds remaining at the end of the fiscal year to the credit of the account of monies, fees, or sums collected by the Custodian of Notarial Records

shall be dedicated to microfilming or other imaging projects to ensure the indefinite survival of the records."

Net assets of the Custodian of Notarial Records of Orleans Parish decreased by \$923,970 or 35.45%, from June 30, 2006 to June 30, 2007. The major cause for this decrease was the digitization project which was undertaken in 2007.

The Custodian of Notarial Records of Orleans Parish's operating revenues increased by \$778,273 or 60.11%, from June 30, 2006 to June 30, 2007. However, operating revenues in the 2006 fiscal year were heavily impacted by the effects of Hurricane Katrina. In comparison to 2005, operating revenues decreased by \$22,879 or 1.09%. Operating expenses increased by \$1,733,299 or 122.10% from 2006 to 2007, again primarily due to the digitization project.

#### Capital Assets and Long Term Debt Administration

##### Capital Assets

As of June 30, 2007, the Custodian of Notarial Records of Orleans Parish had \$465,189 invested in furniture, fixtures, and office equipment. This amount represents a net increase (including additions and deductions) of \$278,703 or 149.45% over last year's total. This increase is due primarily to the new equipment purchased as part of the digitizing of the records of the Custodian.

##### Long Term Debt

The only long-term debt that the Custodian of Notarial Records of Orleans Parish had outstanding at year-end was for compensating absences (leave) in the amount of \$27,870.

#### Variations between Original and Final Budgets

There were no significant variations between the original and final budget.

#### Economic Factors and Next Year's Budgets and Rates

The Custodian of Notarial Records of Orleans Parish considered the following factors and indicators when setting up next year's budget, rates, and fees. These factors and indicators included:

- Increased costs associated with microfilming projects and the contractors needed to implement these projects,
- Additional personnel and related costs due to additional microfilming and document restoration and preservation projects and the extensive nature of these projects.
- The effects on the economy of continuing recovery efforts related to Hurricanes Katrina and Rita for the region.



The Custodian of Notarial Records of Orleans Parish estimates that next year's annual expenses may exceed annual revenues, due to increases in the number of microfilming and other document preservation projects, however, the cash balance should cover the expected increase in expenses.

*Contacting the Custodian's Financial Management*

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Custodian of Notarial Records of Orleans Parish's finances and to show accountability of the Custodian of Notarial Records of Orleans Parish for the money it receives.

If you have any questions regarding this report or need additional financial information, contact:

Stephen P. Bruno, Custodian of Notarial Records of Orleans Parish  
1340 Poydras Street, Suite 360  
New Orleans, LA 70112

Or call 504-680-9604

**STATE OF LOUISIANA  
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2007**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$	1,753,885
Investments		
Receivables (net of allowance for doubtful accounts)(Note U)		39,201
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		4,617
Total current assets		1,797,703

**NONCURRENT ASSETS:**

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Investments		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		465,189
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		465,189
Total assets	\$	2,262,892

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$	540,648
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		11,771
Current portion of long-term liabilities:		
Contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		552,419

**NON-CURRENT LIABILITIES:**

Contracts payable		
Compensated absences payable (Note K)		27,870
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		27,870
Total liabilities		580,289

**NET ASSETS**

Invested in capital assets, net of related debt		465,189
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		1,217,414
Unrestricted		-
Total net assets		1,682,603
Total liabilities and net assets	\$	2,262,892

The accompanying notes are an integral part of this financial statement.

Statement A  
**STATE OF LOUISIANA**  
**CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ 2,073,116
Assessments	
Use of money and property	
Licenses, permits, and fees	
Other	
Total operating revenues	2,073,116
<b>OPERATING EXPENSES</b>	
Cost of sales and services	3,084,203
Administrative	
Depreciation	68,631
Amortization	
Total operating expenses	3,152,834
Operating income(loss)	(1,079,718)
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	
Intergovernmental revenues(expenses)	
Taxes	
Use of money and property	103,885
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	6,374
Interest expense	
Other revenue	46,148
Other expense	(659)
Total non-operating revenues(expenses)	155,748
Income(loss) before contributions and transfers	(923,970)
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	(923,970)
Total net assets - beginning	2,608,573
Total net assets - ending	\$ 1,682,603

The accompanying notes are an integral part of this financial statement.

Statement B

**STATE OF LOUISIANA  
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

**See Appendix A for instructions**

		Program Revenues		
		Operating	Capital	Net (Expense)
	Charges for	Grants and	Grants and	Revenue and
Expenses	Services	Contributions	Contributions	Changes in
				Net Assets
Custodian	\$ 3,153,493	\$ 2,073,116	\$ 6,374	\$ (1,074,003)
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				103,885
Insurance and other				46,148
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				150,033
Change in net assets				(923,970)
Net assets - beginning as restated				
Net assets - ending				\$ (923,970)

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA  
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2007

<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 2,097,181	
Cash payments to suppliers for goods and services	(1,489,787)	
Cash payments to employees for services	(1,073,023)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		(465,629)
<b>Cash flows from non-capital financing activities</b>		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
Net cash provided(used) by non-capital financing activities		-
<b>Cash flows from capital and related financing activities</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(347,334)	
Proceeds from insurance and other reimbursements	46,148	
Amounts paid directly for disaster recovery efforts	(659)	
Grants	6,374	
Net cash provided(used) by capital and related financing activities		(295,471)
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	103,885	
Net cash provided(used) by investing activities		103,885
Net increase(decrease) in cash and cash equivalents		(657,215)
Cash and cash equivalents at beginning of year		2,411,100.00
Cash and cash equivalents at end of year	\$	1,753,885

Statement D (continued)

**STATE OF LOUISIANA  
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

Operating income(loss)		\$ (1,079,718)
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	68,631	
Provision for uncollectible accounts		
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	31,024	
(Increase)decrease in rental deposits	(313)	
(Increase)decrease in prepayments		
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	513,649	
Increase(decrease) in payroll deductions and accrued salary	7,088	
Increase(decrease) in compensated absences payable	969	
Increase(decrease) in deferred revenues	(11,030)	
Increase(decrease) in other liabilities	4,071	
Net cash provided(used) by operating activities		\$ (465,629)

**Schedule of noncash investing, capital, and financing activities:**

Borrowing under capital lease	\$	
Contributions of fixed assets		
Purchases of equipment on account		
Asset trade-ins		
Other (specify)		
<b>Total noncash investing, capital, and financing activities:</b>	\$	-

The accompanying notes are an integral part of this statement.

Statement D (concluded)

**STATE OF LOUISIANA  
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH  
Notes to the Financial Statement  
As of and for the year ended June 30, 2007**

**INTRODUCTION**

The Custodian of Notarial Records of Orleans Parish, State of Louisiana (the Custodian) was created by Act 147 of the Louisiana legislature in 1867. This act stated that a central office be established and provide a custodian to care for and discharge the duties of that office. As provided by Louisiana revised statute 35:322, the Custodian is appointed by the Governor for a term of four years. The term of office shall run concurrent with that of the Governor. The Custodian's office is in New Orleans, Louisiana and its primary revenues are filing fees, copying fees and documentary transaction tax fees.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Custodian of Notarial Records of Orleans Parish (the Custodian) present information only as to the transactions of the programs of the Custodian as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Custodian are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**B. BUDGETARY ACCOUNTING – NOT APPLICABLE**

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note C.**

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Custodian may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Custodian may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

**STATE OF LOUISIANA**  
**CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2007**

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

**GASB Statement 40, which amended GASB Statement 3, eliminated** the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2007, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Balance per agency books	\$ 1,753,760	\$ 1,400,000	\$ _____	\$ 3,153,760
Deposits in bank accounts per bank	\$ 407,248	\$ 1,400,000	\$ _____	\$ 1,807,248
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ -
b. Deposits not insured and collateralized with securities held by the pledging institution.	\$ _____	\$ _____	\$ _____	\$ -
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency but not in the entity's name.	\$ _____	\$ _____	\$ _____	\$ -

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Balance per agency books" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Whitney National Bank	Custodian operations	\$ 407,245
2. Whitney National Bank	Custodian operations	1,400,000
3. Whitney National Bank	Custodian grant account	3
4. _____	_____	_____
Total		\$ 1,807,248

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury \$ 0  
Petty cash \$ 125



**STATE OF LOUISIANA  
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH  
Notes to the Financial Statement  
As of and for the year ended June 30, 2007**

**2. INVESTMENTS – NOT APPLICABLE**

**3. DERIVATIVES – NOT APPLICABLE**

**4. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES – NOT APPLICABLE**

**5. POLICIES – NOT APPLICABLE**

**6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE**

**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

**STATE OF LOUISIANA**  
**CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2007**

	Year ended June 30, 2007						
	Balance	Prior	Adjusted				Balance
	6/30/2006	Period	Balance	Additions	Transfers*	Retirements	6/30/2007
<b>Capital assets not being depreciated</b>							
Land	\$	\$	\$	\$	\$	\$	\$
Non-depreciable land improvements							
Capitalized collections							
Construction in progress							
Total capital assets not being depreciated	\$	\$	\$	\$	\$	\$	\$
<b>Other capital assets</b>							
Furniture, fixtures, and equipment	\$ 634,514	\$	\$ 634,514	\$ 347,334	\$	\$	\$ 981,848
Less accumulated depreciation	(448,028)		(448,028)	(88,631)			(516,659)
Total furniture, fixtures, and equipment	186,486		186,486	278,703			465,189
Buildings and improvements							
Less accumulated depreciation							
Total buildings and improvements							
Depreciable land improvements							
Less accumulated depreciation							
Total depreciable land improvements							
Infrastructure							
Less accumulated depreciation							
Total infrastructure							
Total other capital assets	\$ 186,486	\$	\$ 186,486	\$ 278,703	\$	\$	\$ 465,189
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	\$	\$	\$	\$	\$	\$	\$
Other capital assets, at cost	634,514		634,514	347,334			981,848
Total cost of capital assets	634,514		634,514	347,334			981,848
Less accumulated depreciation	(448,028)		(448,028)	(88,631)			(516,659)
Capital assets, net	\$ 186,486	\$	\$ 186,486	\$ 278,703	\$	\$	\$ 465,189
* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.							

**E. INVENTORIES – NOT APPLICABLE**

**F. RESTRICTED ASSETS – NOT APPLICABLE**

Restricted assets in the \_\_\_\_\_ (BTA) at \_\_\_\_\_ (fiscal year end), reflected at \$ \_\_\_\_\_ in the non-current assets section on Statement A, consisting of \$ \_\_\_\_\_ in cash with fiscal agent, \$ \_\_\_\_\_ in receivables, and \$ \_\_\_\_\_ investment in \_\_\_\_\_ (identify the type of investments held.) State the purpose of the restrictions: \_\_\_\_\_

**G. LEAVE**

**STATE OF LOUISIANA  
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH  
Notes to the Financial Statement  
As of and for the year ended June 30, 2007**

**1. COMPENSATED ABSENCES**

The Custodian has the following policy on annual and sick leave:

Annual leave of one to four weeks is earned on a calendar year basis depending on the length of service. Annual leave earned must be used within that calendar year or during the following calendar year and may not be accumulated or carried forward to subsequent years. Compensation in lieu of any remaining leave time is not available.

Sick leave is earned on a calendar year basis at a rate of one day per month. Any unused accrued sick leave available to the employee at the end of the current calendar year can be carried forward from year to year for a maximum of 200 days. Compensation in lieu of leave time is not available. Accumulated sick leave is not paid upon termination of employment; however, Louisiana law (R.S. 11:424) provides that certified unused sick leave may be converted to retirement benefit credits.

**2. COMPENSATORY LEAVE – NOT APPLICABLE**

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the Custodian are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Custodian employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2006 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and is also available on-line at:

[http://www.lasers.state.la.us/PDFs/Publications\\_and\\_Reports/Fiscal\\_Documents/Comprehensive\\_Financial\\_Reports/Comprehensive%20Financial%20Reports\\_06.pdf](http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_06.pdf)

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Custodian is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2007, remained at 19.1% of annual covered payroll from the 19.1% and 17.8% required in fiscal years ended June 30, 2006 and 2005

**STATE OF LOUISIANA**  
**CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2007**

respectively. The (BTA) contributions to the System for the years ending June 30, 2007, 2006, and 2005, were \$147,797, \$117,592, and \$123,589, respectively, equal to the required contributions for each year.

**I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits: **(NOTE: Ensure that the number of retirees is disclosed below)**

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.\*
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

\*If the cost of any post retirement health care or life insurance benefits for retirees cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed (part (b) below).

The Custodian provides certain continuing health care and life insurance benefits for its retired employees. Substantially all Custodian employees become eligible for post employment health care and life insurance benefits if they reach normal retirement age while working for the Custodian. These benefits for retirees and similar benefits for active employees are provided through Louisiana State Employee Group Benefits Insurance program whose premiums are paid jointly by the employee and the Custodian.

- a) For 2007, the cost of providing those benefits for the 7 retirees totaled \$30,835.

**J. LEASES**

**NOTE: Where five-year amounts are requested, list the total amount (sum) for the five-year period, not the annual amount for each of the five years.)**

**1. OPERATING LEASES**

The total payments for operating leases during fiscal year 2007 amounted to \$156,413. **(Note: If lease payments extend past FY 2022, create additional columns and report these future minimum lease payments in five year increments.)** A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013- 2017</u>	<u>FY 2018- 2022</u>
Office Space	\$ 156,587	\$ 52,198	\$	\$	\$	\$	\$
Equipment							
Land							
Other							
Total	\$ 156,587	\$ 52,198	\$ -	\$ -	\$ -	\$ -	\$ -

**2. CAPITAL LEASES – NOT APPLICABLE**

**STATE OF LOUISIANA**  
**CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2007**

3. LESSOR DIRECT FINANCING LEASES – NOT APPLICABLE

4. LESSOR – OPERATING LEASE – NOT APPLICABLE

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2007:  
 (Balances at June 30<sup>th</sup> should include current and non-current portion of long-term liabilities.)

	Balance June 30, 2006	Year ended June 30, 2007		Balance June 30, 2007	Amounts due within one year
		Additions	Reductions		
<b>Notes and bonds payable:</b>					
Notes payable	\$	\$	\$	\$	\$
Bonds payable					
Total notes and bonds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Other liabilities:</b>					
Contracts payable				—	
Compensated absences payable	26,901	969		27,870	
Capital lease obligations				—	
Claims and litigation				—	
Liabilities payable from restricted assets				—	
Other long-term liabilities				—	
Total other liabilities	<u>26,901</u>	<u>969</u>	<u>—</u>	<u>27,870</u>	<u>—</u>
Total long-term liabilities	<u>\$ 26,901</u>	<u>\$ 969</u>	<u>\$ —</u>	<u>\$ 27,870</u>	<u>\$ —</u>

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. CONTINGENT LIABILITIES – NOT APPLICABLE

M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE

N. ACCOUNTING CHANGES – NOT APPLICABLE

O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE

P. DEFEASED ISSUES – NOT APPLICABLE

Q. COOPERATIVE ENDEAVORS – NOT APPLICABLE

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE

**STATE OF LOUISIANA**  
**CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2007**

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE**

**T. SHORT-TERM DEBT – NOT APPLICABLE**

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2007, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Custodian	\$ 39,201	\$	\$	\$	\$ 39,201
					0
Gross receivables	\$ 39,201	\$ 0	\$ 0	\$ 0	\$ 39,201
Less allowance for uncollectible accounts	0	0	0	0	0
Receivables, net	\$ 39,201	\$ 0	\$ 0	\$ 0	\$ 39,201
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	0

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2007, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Custodian	\$ 526,363	\$ 14,285	\$	\$	\$ 540,648
Total payables	\$ 526,363	\$ 14,285	\$ -	\$ -	\$ 540,648

**W. SUBSEQUENT EVENTS – NOT APPLICABLE**

**X. SEGMENT INFORMATION – NOT APPLICABLE**

**Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE**

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Liabilities payable from restricted assets in the Custodian) at June 30, 2007, reflected at \$552,419 in the current liabilities section on Statement A, consist of \$540,648 in accounts payable, \$11,771 in escrow.

Liabilities payable from restricted assets in the Custodian at June 30, 2007, reflected at \$27,870 in the non-current liabilities section on Statement A, consist of \$27,870 in compensated absences.

**STATE OF LOUISIANA  
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH  
Notes to the Financial Statement  
As of and for the year ended June 30, 2007**

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE**

**BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)**

Net assets represent the difference between assets and liabilities. The composition of net assets was as follows for the year ended June 30, 2007:

Restricted	\$1,217,414
Invested in capital assets	<u>465,189</u>
Total Net Assets	<u>\$1,682,603</u>

Restricted net assets represent those portions of net assets legally segregated for a specific future use. The Custodian restricts net assets of his office for future microfilming project costs to be incurred. As of June 30, 2007, the Custodian's net asset balance was restricted for future microfilming project expenses totaling \$1,217,414.

**CC. IMPAIRMENT OF CAPITAL ASSETS – NOT APPLICABLE**

**DD. EMPLOYEE TERMINATION BENEFITS – NOT APPLICABLE**

**NOT APPLICABLE**

**Note:** The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.



SCHEDULE 1

**STATE OF LOUISIANA  
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH  
SCHEDULE OF NOTES PAYABLE  
JUNE 30, 2007**

**NOT APPLICABLE**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Total</b>		<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>		<b>\$ _____</b>

\*Send copies of new amortization schedules

SCHEDULE 3-A

**STATE OF LOUISIANA  
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH  
SCHEDULE OF BONDS PAYABLE  
JUNE 30, 2007**

**NOT APPLICABLE**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

\*Send copies of new amortization schedules

**STATE OF LOUISIANA**  
**CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH**  
**SCHEDULE OF CAPITAL LEASE AMORTIZATION**  
**For The Year Ended June 30, 2007**

**NOT APPLICABLE**

<b>Fiscal Year Ending:</b>	<b><u>Payment</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Balance</u></b>
2008	\$ _____	\$ _____	\$ _____	\$ _____ -
2009	_____	_____	_____	_____ -
2010	_____	_____	_____	_____ -
2011	_____	_____	_____	_____ -
2012	_____	_____	_____	_____ -
2013-2017	_____	_____	_____	_____ -
2018-2022	_____	_____	_____	_____ -
2023-2027	_____	_____	_____	_____ -
2028-2032	_____	_____	_____	_____ -
<b>Total</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>

SCHEDULE 4-A

STATE OF LOUISIANA  
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH  
SCHEDULE OF NOTES PAYABLE AMORTIZATION  
For the Year Ended June 30, 2007

NOT APPLICABLE

Fiscal Year Ending:	Principal	Interest
2008	\$ _____	\$ _____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013-2017	_____	_____
2018-2022	_____	_____
2023-2027	_____	_____
2028-2032	_____	_____
Total	\$ _____	\$ _____

SCHEDULE 4-B

**STATE OF LOUISIANA  
CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH  
SCHEDULE OF BONDS PAYABLE AMORTIZATION  
For The Year Ended June 30, 2007**

**NOT APPLICABLE**

<b>Fiscal Year</b>		
<b>Ending:</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2008	\$ _____	\$ _____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
<b>Total</b>	<b>\$ _____</b>	<b>\$ _____</b>

# SCHEDULE 4-C

## STATE OF LOUISIANA

### CUSTODIAN OF NOTARIAL RECORDS OF ORLEANS PARISH

#### COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2007</u>	<u>2006</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>2,229,523</u>	\$ <u>1,459,756</u>	\$ <u>769,767</u>	\$ <u>52.73</u>
Expenses	<u>3,153,493</u>	<u>1,479,294</u>	<u>1,674,199</u>	<u>113.18</u>
2) Capital assets	<u>465,189</u>	<u>186,486</u>	<u>278,703</u>	<u>149.45</u>
Long-term debt	<u>27,870</u>	<u>26,901</u>	<u>969</u>	<u>3.60</u>
Net Assets	<u>1,682,603</u>	<u>2,606,573</u>	<u>(923,970)</u>	<u>(35.45)</u>
Explanation for change:	<u>The increase in expenses is due primarily to the</u> <u>Image digitization project which was undertaken in</u> <u>The current fiscal year.</u>			

**SCHEDULE 16 – COOPERATIVE ENDEAVORS  
FOR YEAR ENDED JUNE 30, 2007**

**NOT APPLICABLE**

**OTHER REPORTS REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***



# Hienz & Macaluso LLC

Certified Public Accountants

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**Independent Auditor's Report**  
**on Internal Control over Financial Reporting and on Compliance and Other Matters**  
**Based on an Audit of Financial Statements Performed in Accordance with**  
***Government Auditing Standards***

**To the Custodian of Notarial Records of Orleans Parish**  
**State of Louisiana**  
**New Orleans, Louisiana**

We have audited the financial statements of the business-type activities of the Custodian of Notarial Records of Orleans Parish (the Custodian), a component unit of the State of Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Custodian's basic financial statements and have issued our report thereon dated December 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Custodian's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Custodian's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Custodian's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Custodian's ability to initiate, authorize, record, process, or report financial data reliably in

accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Custodian's financial statements that is more than inconsequential will not be prevented or detected by the Custodian's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Custodian's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Custodian's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Custodian of Notarial Records of Orleans Parish and its management, federal and state awarding agencies and pass-through entities and the Legislative Auditor of Louisiana and is not intended to be, and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Hienz & Macaluso, LLC*  
**HIENZ & MACALUSO, LLC**  
Metairie, LA

December 10, 2007

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

We have audited the basic financial statements of the Custodian of Notarial Records of Orleans Parish ("Custodian") as of and for the year ended June 30, 2007, and have issued our report thereon dated December 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2007 resulted in an unqualified opinion.

**Section I - Summary of Auditor's Reports**

**a. Report on Internal Control and Compliance Material to the Financial Statements:**

Internal Control:

Material Weakness - NO

Other Conditions - NO

Compliance:

Noncompliance Material to the Financial Statements - NO

**b. Federal Awards:**

Not applicable

**Section II - Financial Statement Findings**

There were no financial statement findings for the year ended June 30, 2007.

**Section III - Federal Award Findings and Questioned Costs**

Not applicable.

**Section IV - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2007.

## **REPORTS BY MANAGEMENT**

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2007**

*Section I – Internal Control and Compliance Material to the Financial Statements*

Not applicable.

*Section II – Internal Control and Compliance Material to Federal Awards*

Not applicable.

*Section III - Management Letter*

A management letter was not issued in connection with the audit for the year ended June 30, 2006.

**CUSTODIAN OF NOTARIAL RECORDS  
OF ORLEANS PARISH  
STATE OF LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2007**

*Section I – Internal Control and Compliance Material to the Financial Statements*

Not applicable.

*Section II – Internal Control and Compliance Material to Federal Awards*

Not applicable.

*Section III - Management Letter*

A management letter was not issued in connection with the audit for the year ended June 30, 2007.